



DEPARTMENT OF THE TREASURY

Proposed Collections; Comment Requests

AGENCY: Departmental Offices; Department of the Treasury.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork burdens, invites the general public and other Federal agencies to comment on the revision of an information collection that is to be proposed for approval by the Office of Management and Budget. The Office of International Affairs of the Department of the Treasury is soliciting comments concerning Treasury International Capital Form S, Purchases and Sales of Long-Term Securities by Foreign Residents.

DATES: Written comments should be received on or before [INSERT 60 DAYS AFTER DATE OF PUBLICATION] to be assured of consideration.

ADDRESSES: Direct all written comments to Dwight Wolkow, International Portfolio Investment Data Systems, Department of the Treasury, Room 5422, 1500 Pennsylvania Avenue N.W., Washington DC 20220. In view of possible delays in mail delivery, please also notify Mr. Wolkow by email (comments2TIC@treasury.gov), FAX (202-622-2009) or telephone (202-622-1276).

FOR FURTHER INFORMATION CONTACT: Copies of the proposed forms and instructions are available on the Treasury's TIC Forms webpage, <https://www.treasury.gov/resource-center/data-chart-center/tic/Pages/index.aspx>. Requests for additional information should be directed to Mr. Wolkow.

SUPPLEMENTARY INFORMATION:

Title: Treasury International Capital Form S, Purchases and Sales of Long-term Securities by Foreign-Residents.

OMB Control Number: 1505-0001

Abstract: Form S is part of the Treasury International Capital (TIC) reporting system, which is required by law (22 U.S.C. 286f; 22 U.S.C. 3103; E.O. 10033; 31 C.F.R. 128), and is designed to collect timely information on international portfolio capital movements. Form S is a monthly report used to cover transactions in long-term marketable securities undertaken *directly* with foreigners by banks, other depository institutions, brokers, dealers, underwriting groups, funds and other individuals and institutions. This information is used by the U.S. Government in the formulation of international financial and monetary policies and for the analysis of the U.S. balance of payments accounts.

Current Actions: (1) The section II.A “Who Must Report” and the section II.E.1.e “What Must Be Reported” of the instructions are updated to list out separately “certain private funds”, which are a subgroup of the class of financial entities defined by the Securities and Exchange Commission as private funds on Form PF: “any issuer that would be an investment company as defined in section 3 of the Investment Company Act of 1940 but for section 3(c)(1) or 3(c)(7) of ... [that] Act.”. In cooperation with the Bureau of Economic Analysis (BEA) effective for TIC reports beginning as of January 2017 and afterwards, reporters of investments in private funds that meet the definition of direct investment (that is, ownership by one person of 10 percent or more of the voting interest of a business enterprise) but display characteristics of portfolio investment (specifically, investors who do not intend to control or influence the management of an operating company) are required to report through the Treasury International Capital (TIC) reporting system, where other related portfolio investments are already being reported,

and not to report on BEA's direct investment surveys. Specifically, cross-border investments by or into private funds are included in TIC reports regardless of ownership share if they meet BOTH of the following two criteria: (i) The private fund does not own, directly or indirectly through another business enterprise, an "operating company" – i.e., a business enterprise that is not a private fund or a holding company— in which the U.S. or foreign parent owns at least 10 percent of the voting interest, and (ii) If the private fund is owned indirectly (through one or more other business enterprises), there are no "operating companies" between the U.S. or foreign parent and the indirectly-owned private fund. Direct investment in operating companies, including investment by and through private funds, will continue to be reported to BEA. This change aligns the U.S. direct investment and portfolio investment data more closely with the intent of the investment with respect to management control. In addition, it reduces burden for respondents, many of whom previously reported both to the TIC reporting system and to BEA's direct investment reporting system. Note: this change applies also to these other TIC forms if the reporting requirements of the form are met: BC, BL-1, BL-2, BQ-1, BQ-2, BQ-3, D, SLT, SHC(A) and SHL(A). (2) The section II.A "Who Must Report" of the instructions is updated to list out separately "principal trading firms" and "fund administrators", (3) The section II.A "Who Must Report" and section II.B "Consolidation Rules" of the instructions are updated to list out separately Intermediate Holding Companies (IHCs), as defined by Regulation YY, 12 CFR 252, and to clarify that IHCs should follow the same consolidation rules that are applicable to Bank Holding Companies (BHCs), Financial Holding Companies (FHCs), and Savings and Loan Holding Companies. The Regulation YY was effective by January 1, 2015, and IHCs are filing TIC reports; this update will

formalize their reporting requirements. (4) The section II.E.2.f “What Must Be Reported” of the instructions is updated to clarify that, regarding securities involved in security lending agreements and repurchase/resale (reverse repurchase) agreements, sales of the underlying security collateral to other parties and the purchases of such securities from other parties, undertaken in order to return the security collateral to the lenders, must be reported. (5) The section III.A.columns 1 & 2 “Column by Column Instructions” of the instructions is updated to clarify that the stripped securities ‘teddy bears’ (TBRs), ‘tigers’ (TIGRs), ‘cats’ (CATS) and ‘cougars’ (COUGRs) should also be classified as U.S. Treasury securities. (6) The section II.E. “What Must Be Reported” clarifies that long-term Treasury securities are Bonds, Notes, TIPS, FRNs and Savings Bonds. (7) Some other clarifications and format changes may be made to improve the instructions.

Type of Review: Revision of a currently approved collection.

Affected Public: Business or other for-profit organizations.

Form: S (1505-0001)

Estimated Number of Respondents: 188

Estimated Average Time per Respondent: Six and three tenth hours per respondent per filing. This estimate includes the Current Actions proposed above. The estimated average time per respondent varies from 10.8 hours for the approximately 30 major reporters to 5.4 hours for the other reporters.

Estimated Total Annual Burden Hours: 14,130 hours, based on 12 reporting periods per year.

Request for Comments: Comments submitted in response to this notice will be summarized and/or included in the request for Office of Management and Budget approval. All comments

will become a matter of public record. The public is invited to submit written comments concerning: (a) whether Form S is necessary for the proper performance of the functions of the Office, including whether the information will have practical uses; (b) the accuracy of the above estimate of the burdens; (c) ways to enhance the quality, usefulness and clarity of the information to be collected; (d) ways to minimize the reporting and/or record keeping burdens on respondents, including the use of information technologies to automate the collection of the data; and (e) estimates of capital or start-up costs of operation, maintenance and purchase of services to provide information.

Dwight Wolkow,

Administrator, International Portfolio Investment Data Systems

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